SCHEME OF REDUCTION OF SHARE CAPITAL

BETWEEN

SMARTWORKS COWORKING SPACES LIMITED

(FORMERLY KNOWN AS SMARTWORKS COWORKING SPACES PRIVATE LIMITED)

AND

ITS SHAREHOLDERS

(UNDER SECTION 66 READ WITH SECTION 52 AND OTHER APPLICABLE SECTIONS OF THE COMPANIES ACT, 2013 AND THE NATIONAL COMPANY LAW TRIBUNAL (PROCEDURE FOR REDUCTION OF THE SHARE CAPITAL OF THE COMPANY) RULES, 2016)

SCHEME OF REDUCTION OF SHARE CAPITAL

This Scheme of Reduction of Share Capital ("**Scheme**") is presented by Smartworks Coworking Spaces Limited (Formerly known as Smartworks Coworking Spaces Private Limited), a public limited company incorporated under the Companies Act, 2013, bearing CIN: L74900DL2015PLC310656 (hereinafter, referred to as the "**Company**").

PARTS OF THE SCHEME

This Scheme is divided into following parts:

(a) **PART I** deals with the Preamble;
(b) **PART II** deals with the brief background of the Company (including its capital structure);
(c) **PART III** deals with the Definition and Interpretations;
(d) **PART IV** deals with Rationale and Objects of the Scheme;
(e) **PART V** deals with Reduction of Share Capital; and
(f) **Part VI** deals with the General Clauses.

PART I - PREAMBLE

The present Scheme is proposed in accordance with the provisions of Section 66 read with Section 52 of the Companies Act, 2013 ("the Act"), read further along with other applicable provisions of the Act and the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 ("NCLT Rules"), and is subject to such approvals, consents, no-objections, permissions and sanctions as may be required from the Shareholders of the Company, the Hon'ble National Company Law Tribunal ("NCLT") and other regulatory authorities. The Scheme also covers matters that are incidental, consequential, or otherwise connected therewith, in the manner set out herein. The primary objective of this Scheme is to give effect to a financial restructuring of the Company by rationalising its balance sheet. In this regard, the Company proposes to utilise the balance standing to the credit of its Securities Premium Account to set off its Accumulated Losses, as appearing in its books of account. The proposed reduction does not involve any diminution of liability, nor does it involve any payment to Shareholders or reduction in the face value or number of Equity Shares of the Company. Accordingly, the shareholding pattern and percentage holding of the Shareholders of the Company shall remain unchanged pursuant to the Scheme.

The proposed set-off is intended to present a true and fair view of the financial position of the Company by eliminating Accumulated Losses from its balance sheet. It will enable the Company to align its capital structure with its current financial position, reflecting a more accurate representation of its reserves and surplus, and facilitate greater financial flexibility, including the ability to declare dividends in the future, subject to applicable laws.

This Scheme is, therefore, in the best interests of the Company and its Shareholders.

PART II - DETAILS OF THE COMPANY

1. BRIEF BACKGROUND OF THE COMPANY

1.1 The Company was incorporated on 17 December 2015 under the provisions of the Act, as a Company limited by Shares under the jurisdiction of Registrar of Companies, Kolkata, West Bengal in the name and style of 'Smart Work Business Centre Private Limited'. Pursuant to a special resolution dated May 16, 2016 passed by the Shareholders, which was confirmed by an order of the Regional Director (Eastern Region), Ministry of Corporate Affairs dated December 23, 2016, the registered office of the Company was shifted from the state of West Bengal to the National Capital Territory of Delhi (now Registrar of Companies , Delhi-I) ("RoC") with effect from December 30, 2016 and a certificate of registration of Regional Director order for change of state dated January 17, 2017 was issued by the RoC and subsequently changed its name to 'Smartworks Coworking Spaces Private Limited' pursuant to the fresh certificate of incorporation issued by the RoC on 20 December 2018. Subsequently, the Company was converted from a Private Limited Company to a Public Limited Company pursuant to a fresh certificate of incorporation issued by the RoC on 25 July 2024. As a result, the name of the Company then further changed from Smartworks Coworking Spaces Private Limited to Smartworks Coworking Spaces Limited by Registrar of Companies, Delhi on 25 July 2024. Further, the Company undertook its Initial Public Offering ("IPO") by way of an offer for sale and was subsequently listed on 17 July 2025. Accordingly, the CIN of the Company is L74900DL2015PLC310656.

1.2 Presently, the registered office of the Company is situated at Unit No. 305-310, Plot No 9, 10 & 11 Vardhman Trade Centre, Nehru Place, South Delhi, Delhi, India, 110019.

1.3 The Equity shares of Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

1.4 This Scheme is made pursuant to the provisions of Section 66 read with Section 52 of the Act and NCLT Rules, and other applicable provisions of the Act and provides for writing off the Accumulated Losses against the Securities Premium Account of the Company.

2. MAIN OBJECTS OF THE COMPANY

2.1 That the main objects of the Company as per Clause III (A) of the Memorandum of Association of the Company are:

1. To carry on the business of operating and maintaining co-working and serviced office spaces, and for that purpose to operate, maintain, arrange, rent or let, sublet and to acquire by purchase, lease, or otherwise any kind of building and hereditaments of any tenure or description including all types of commercial and non-commercial immovable properties and to establish, operate, provide, undertake, develop, manage, promote, own, organise, conduct facilities management and services in relation to fully or partly furnished, staffed and equipped or otherwise, property, premises, buildings, whether commercial or non-commercial or residential, including offices and offering ancillary business services, including video and audio conferencing facilities, building maintenance, administration and contract management, provide facilities for serviced offices, business centres, co-working and shared office spaces, meeting and training rooms and virtual offices, sophisticated video and telephony services, internet and mobile technology services.

2. To provide administrative and accounting services, secretarial services, outsourced management, information technology support services, house-keeping services, rent of office equipment, provision of staff, arrangement, maintenance of business facilities and conveniences, furnishing

and improvement, man-power supply, annual maintenance services, security services, back-up services, electric conveniences, event management, attendant services, food and beverage facilities, any other business support services and such other services that are required or necessary in connection with the objects set out herein etc. for all kinds of commercial and non-commercial sites, in all areas of business and commerce.

3. CAPITAL STRUCTURE OF THE COMPANY

3.1 The capital structure of the Company as per the Audited Standalone Ind AS Financial Statements as on 31 March 2026, is as under:

Particulars	**Amount**
Authorised Share Capital: 12,00,00,000 Equity Shares of INR 10/- each 2,00,00,000 Preference Shares of INR 10/- each	INR 1,40,00,00,000/-
Issued, Subscribed and Paid-up Share Capital: 11,42,62,076 Equity Shares of INR 10/- each	INR 1,14,26,20,760/-

Subsequent to 31 March, 2026, the Company by way of circular resolution passed on 14 August, 2026 has approved the allotment of 1,19,000 (One Lakh Nineteen Thousand) fully paid-up equity shares of face value INR 10/- (Indian Rupees Ten only) each respectively to eligible option holders, pursuant to the exercise of vested stock options under the Company's employee stock option schemes.

Accordingly, as on the date of this Scheme, the issued, subscribed and paid-up share capital of the Company stands increased to INR 1,14,38,10,760/- (Indian Rupees One Hundred Fourteen Crore Thirty-Eight Lakh Ten Thousand, Seven Hundred Sixty) divided into 11,43,81,076 (Eleven Crore Forty-Three Lakh Eighty-One Thousand, Seventy-Six) equity shares of Rs.10/- (Rupees Ten only) each.

4. COMPLIANCE WITH TAX LAWS

The Scheme has been drawn up to comply with the provisions of the Income-tax Act, 1961 in relation to the financial year ended 31 March 2026 and the Income Tax Act, 2025 (together with the rules made thereunder) (collectively, the "IT Act") to the extent applicable. If any terms or the provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the IT Act at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the IT Act shall prevail and the Scheme shall stand modified to that extent determined necessary to comply with the provisions of the IT Act.

PART III - DEFINITIONS AND INTERPRETATIONS

5. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings respectively assigned against them:

5.1 '**Accumulated Losses**' shall mean the losses that have been carried forward from previous years and the amount shown in the Audited Standalone Ind AS Financial Statements of the Company as on 31 March 2026, amounting to INR 3,85,61,76,525/- (Indian Rupees Three Hundred Eighty-Five Crore Sixty-One Lakh Seventy-Six Thousand, Five Hundred Twenty-Five);

5.2 '**Act**' or '**the Act**' means the Companies Act, 2013 as notified, and ordinances, rule and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof, from time to time;

5.3 '**Applicable Law(s)**' **or** '**Law(s)**' means any statutes, notification, bye laws, rules, regulations, guidelines, or common law, policy, code, directives, ordinance, circulars, schemes, notices, instruments, decrees, approvals, orders or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re- enactment thereof for the time being in force;

5.4 '**Appropriate Authority'** means any governmental, statutory, regulatory, departmental or public body or authority of the relevant jurisdictions, including (without limitation) if applicable, NCLT, National Company Law Appellate Tribunal ("NCLAT"), RoC, Regional Director, Ministry of Corporate Affairs, BSE, NSE, SEBI and other regulatory authorities;

5.5 '**Board' or 'Board of Directors**' means Board of Directors of the Company including any duly constituted committee(s) thereof;

5.6 '**BSE**' means BSE Limited;

5.7 '**Effective Date**' for the Scheme shall mean the date on which the certified copy of the order of National Company Law Tribunal along with a minute approved by the NCLT in accordance with Section 66 of the Act, read with Section 52 and other applicable provisions of the Act and the NCLT Rules sanctioning the Scheme is filed with the Registrar of Companies, Delhi-I;

Any references in the Scheme to the 'date of coming into effect of this Scheme' or 'effectiveness of the Scheme' or 'Scheme taking effect' or 'upon this Scheme coming into effect' shall also mean the Effective Date;

5.8 '**Equity Shares**' means fully paid up equity share of INR 10/- (Indian Rupees Ten) each issued by the Company;

5.9 '**Income-tax Act, 1961**' or '**Income-tax Act, 2025'** or **'IT Act**' means the Income-tax Act, 1961 or the Income-tax Act, 2025, as applicable, and shall include all applicable by-laws, rules, regulations, orders, ordinances, notifications, circulars, policies and directions issued thereunder, as well as any statutory modification, re-enactment or amendment thereof for the time being in force.

5.10 '**Listing Agreement**' shall mean the agreement that is entered into between a recognized stock exchange and an entity, on the application of that entity to the recognized stock exchange,

5.11 '**Listing Regulations**' shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

5.12 '**National Company Law Tribunal**' or '**NCLT**' means the National Company Law Tribunal, New Delhi including all its benches whose jurisdiction the registered office of the Company is situated;

5.13 "**NSE**' shall means National Stock Exchange of India Limited;

5.14 '**SMARTWORKS**' or 'the Company' shall mean SMARTWORKS COWORKING SPACES LIMITED (CIN: L74900DL2015PLC310656) is a Public Limited Company incorporated on 17 December 2015 and Listed at BSE and NSE, having registered office at Unit No. 305-310, Plot No 9, 10 & 11 Vardhman Trade Centre Nehru Place, South Delhi, Delhi, India, 110019. The NSE scrip code of the company is SMARTWORKS and BSE code of the Company is 544447;

5.15 '**Order**' means an order passed by the NCLT sanctioning this Scheme under Section 66 of the Act, read with Section 52 and rules framed there under;

5.16 '**Registrar of Companies**' or '**RoC**' means the Registrar of Companies, ("**RoC**") in Delhi, India;

5.17 '**Regional Director**' means the Regional Directorate, Delhi, (Northern Region I);

5.18 "**NCLT Rules**' means The National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016;

5.19 '**INR' or 'Rs' or 'Rupee(s)'** means Indian Rupee, the lawful currency of the Republic of India;

5.20 '**Scheme' or 'this Scheme' or 'the Scheme**' means this scheme of Reduction of Share Capital between the Company and its Shareholders in its present form or with such alterations(s) / modification(s) as may be approved, imposed or directed by NCLT. This is reduction of share capital of the company under Section 66 of the Act, read with Section 52 and the NCLT Rules;

5.21 '**SEBI**' means Securities and Exchange Board of India;

5.22 '**Securities Premium Account**' means the securities premium account maintained by the Company in accordance with the provisions of Section 52 of the Act and having such amount as shown in the Audited Standalone Ind AS Financial Statements of the Company as on March 31, 2026, amounting to INR 7,98,22,14,923/- (Indian Rupees Seven Hundred Ninety-Eight Crore Twenty-Two Lakh Fourteen Thousand, Nine Hundred Twenty-Three);

5.23 '**Shareholder' or 'the Shareholders**' means a person registered (whether registered owner of the shares or the beneficial owner of shares) as holders of the equity share capital in the Registrar of members of the Company. The word 'Shareholder' and/or 'Member', wherever mentioned, are used to denote the same meaning and are used interchangeably;

5.24 '**Stock Exchange**' means the exchange where the Equity Shares of the Company are listed and admitted to trading, viz, BSE and NSE.

5.25 '**Tax' or 'Taxes' or Taxation**' shall mean all taxes (direct / indirect) on net income, gross income, gross receipts, sales, use, services, ad valorem, value-added, capital gains, corporate income tax, minimum alternate tax, buyback distribution tax, dividend distribution tax, transfer, franchise and profits; withholding tax; property tax; any tax payable in a representative capacity, goods and service tax; service tax, duties of custom and excise, stamp duty, other governmental charges or duties or other taxes or statutory payments in relation to contract labour and/ or other contractors and/ or sub- contractors, statutory pension or other employment benefit plan contributions, fees, assessments or charges of any kind whatsoever, including any surcharge or cess thereon, together with any interest and any penalties, additions to tax or additional amount with respect thereto; and Taxation will be construed accordingly;

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, Depositories Act, 1996, Listing Regulations, Listing Agreement or other Applicable Laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

6. INTERPRETATION

In this Scheme, unless the context otherwise requires:

6.1 'Words denoting singular shall include plural and vice versa;

6.2 References to "persons" shall include individuals, body corporates (wherever incorporated), government, state or agency of state, un-incorporated entities, joint ventures, associations, partnerships and proprietorship;

6.3 Headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information and convenience only and shall not form part of the operative provisions of this Scheme and shall be ignored in construing the same;

6.4 References to the word "include" or "including" shall be construed without limitation;

6.5 References to dates and times shall be construed to be references to Indian dates and times.

6.6 Reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;

6.7 Reference to a document includes an amendment or supplement to, or replacement or novation of, that document;

6.8 Word and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them;

6.9 Reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision;

6.10 A reference to a balance sheet or profit and loss account shall include a reference to any note forming part of it;

PART IV - RATIONALE AND OBJECTS OF THE SCHEME

7. RATIONALE AND PURPOSE OF THE SCHEME

7.1 The Company's Audited Standalone Ind AS Financial Statements for the year ended 31 March 2026 reflects the Accumulated Losses (debit balance of Profit & Loss Account) amounting to INR 3,85,61,76,525/- (Indian Rupees Three Hundred Eighty-Five Crore, Sixty-One Lakh, Seventy-Six Thousand, Five Hundred Twenty-Five). The present issued, subscribed and paid up share capital of the Company is INR 1,14,38,10,760/- (Indian Rupees One Hundred Fourteen Crore Thirty-Eight Lakh Ten Thousand, Seven Hundred Sixty) divided into 11,43,81,076 (Eleven Crore Forty-Three Lakh Eighty-One Thousand, Seventy-Six) Equity Shares of INR 10/- (Indian Rupees Ten) each. The balance standing to the credit of the Securities Premium Account of the Company as on 31 March 2026 is INR 7,98,22,14,923/- (Indian Rupees Seven Hundred Ninety-Eight Crore, Twenty-Two Lakh, Fourteen Thousand, Nine Hundred Twenty-Three). The Accumulated Losses have substantially eroded the value represented by its share capital. In order to present a true and fair view of the Company's affairs, it is necessary to eliminate such Accumulated Losses from the books of account.

7.2 By virtue of Article 10 of Articles of Association of the Company, the Company is authorized to reduce its share capital in any manner and in accordance with the provisions of the Act.

7.3 The Board of the Company after due consideration, has proposed to utilise the balance standing to the credit of the Securities Premium Account to set off such Accumulated Losses, in accordance with Section 66 of the Act, read with Section 52 and NCLT Rules and other applicable provisions of the Act. The proposed adjustment is considered to be a prudent and efficient method for rationalising the balance sheet of the Company.

7.4 Under Section 52 of Act, the balance in Securities Premium Account can only be utilized for the purposes set out therein, and any utilization of Securities Premium Account for other purposes would be construed as reduction in capital and the provisions of Section 66 of the Act, would accordingly be applicable in respect of such reduction.

7.5 The proposed set-off will not involve any reduction in the issued, subscribed, or paid-up equity share capital of the Company, nor will it result in any payment to Shareholders or affect their shareholding pattern in any manner. Further, the Scheme will not result in any outflow of funds from the Company and will not adversely affect the financial position, operations or ability of the Company to meet its liabilities. The Scheme will enable the Company to eliminate Accumulated Losses from its books of account and present a true and fair view of its financial position. It will also facilitate alignment of the Company's reserves with its current financial position and provide greater financial flexibility for future operations, including the ability to declare dividends, subject to applicable laws.

7.6 Upon the Scheme becoming effective after securing necessary approvals and permissions, without any further act, the Securities Premium Account shall stand reduced by an amount equal to the Accumulated Losses. The Scheme will not affect the ability of the Company to honour its commitments or pay its debts and will result in reflecting the financial statements at the actual and real values which would enhance shareholder's value and confidence.

8. OBJECTS / BENEFITS ARISING OUT OF THE SCHEME

8.1 On approval of the Scheme by NCLT, the books of the Company will represent its financial position which would help the Company position itself better in the market and undertake business activities

efficiently. This would be value accretive to the Shareholders as well, as their holdings would yield better results.

8.2 The adjustment or set-off of Securities Premium Account would not have any impact on the shareholding pattern and the capital structure of the Company.

8.3 The proposed Scheme is expected to provide greater flexibility to the Company in undertaking various corporate actions, including distribution of profits to shareholders, subject to such approvals as may be required and in accordance with applicable laws.

8.4 If approved, the proposed Scheme may enable the Company to pursue and capitalise on opportunities that it may not have been able to access or fully exploit on account of its Accumulated Losses.

8.5 This Scheme is in the interest of all the Shareholders, creditors and other stakeholders of the Company and is not prejudicial to the interests of the shareholders, creditors or the public at large.

8.6 The reduction of Securities Premium Account in the manner proposed would enable the Company to have a rational structure which is commensurate with its business and assets.

8.7 The proposed Scheme would enable the Company to utilize the amount lying unutilized in the Securities Premium Account of the Company in an effective manner for the benefit of the Company.

PART V - REDUCTION OF SHARE CAPITAL OF THE COMPANY

9. EFFECT OF THE SCHEME

9.1 The consent of the members of the Company to this Scheme of reduction of Securities Premium Account against Accumulated Losses shall be obtained as per the provisions of Section 66 read with Section 52 of the Act and the NCLT Rules and other applicable provisions if any.

9.2 The Company has total Accumulated Losses of INR 3,85,61,76,525/- (Indian Rupees Three Hundred Eighty-Five Crore, Sixty-One Lakh, Seventy-Six Thousand, Five Hundred Twenty-Five) as per the latest Audited Standalone Ind AS Financial Statements i.e., as on 31 March 2026.

9.3 Upon the Scheme becoming effective and upon filing of the order of the NCLT with the RoC in accordance with Section 66 of the Act, read with Section 52 and the applicable rules made thereunder, the Company shall utilise an amount of INR 3,85,61,76,525/- (Indian Rupees Three Hundred Eighty-Five Crore Sixty-One Lakh Seventy-Six Thousand, Five Hundred Twenty-Five), from the balance of INR 7,98,22,14,923/- (Indian Rupees Seven Hundred Ninety-Eight Crore Twenty-Two Lakh Fourteen Thousand Nine Hundred Twenty-Three) standing to the credit of the Securities Premium Account to set off, to that extent, the Accumulated Losses of INR 3,85,61,76,525/- (Indian Rupees Three Hundred Eighty-Five Crore Sixty-One Lakh Seventy-Six Thousand Five Hundred Twenty-Five) as appearing in its books of account. Such reduction shall not involve any diminution of liability in respect of unpaid share capital, nor shall it involve any payment to the Shareholders or reduction in the face value or number of Equity Shares of the Company, and accordingly, the issued, subscribed, and paid-up share capital of the Company as well as the shareholding pattern shall remain unchanged, and the Securities Premium Account shall stand reduced to the extent utilized for setting off the Accumulated Losses and the Accumulated Losses shall stand correspondingly written off in the books of account of the Company.

9.4 It is hereby clarified that the set-off of the Accumulated Losses with the Securities Premium Account shall be given effect to on the Effective Date of the Scheme.

9.5 For the sake of clarity, it is clarified that there will not be any immediate outflow / payout of funds from the Company for making the Scheme effective.

9.6 Since the reduction pertains solely to the Securities Premium Account there will be no change in the percentage shareholding of any Shareholder of the Company.

Particulars	**Pre Scheme Reduction of Share Capital**		**Post Scheme Reduction of Share Capital**	
	No of Equity Shares	**%**	**No of Equity Shares**	**%**
Promoter & Promoter group	6,66,43,155	58.26%	6,66,43,155	58.26%
Non- Promoter (Public)	4,77,37,921	41.74%	4,77,37,921	41.74%
Total	**11,43,81,076**	**100%**	**11,43,81,076**	**100%**

9.7 The proposed reduction of Securities Premium Account against the Accumulated Losses shall be reflected in the books of account of the Company, on the Effective Date, in the following manner:

The pre and post reduction of Securities Premium Account of the Company against its Accumulated Losses:

Particulars	**Pre Scheme Reduction of Share Capital as on March 31, 2026**	**Proposed Reduction**	**Post Reduction**
Securities Premium Account	7,98,22,14,923	3,85,61,76,525	4,12,60,38,398
Retained Earnings i.e., Accumulated Losses	3,85,61,76,525	3,85,61,76,525	NIL

9.8 The Scheme is only for reduction of Securities Premium Account against Accumulated Losses and does not involve any conveyance or transfer or vesting of any property of the Company and consequently it is submitted that the order of the NCLT of relevant jurisdiction approving the Scheme should not attract any stamp duty, under the Indian Stamp Act, 1899, in this regard.

9.9 Since the Scheme does not involve any reduction in the number or face value of Equity Shares of the Company, there shall be no requirement for issuance of new share certificates or modification of existing shareholding records, whether in physical or dematerialized form, and the shareholding of the equity Shareholders shall remain unchanged.

9.10 As there is no alteration to the share capital of the Company, no action shall be required to be taken with the depositories, depository participants, or Stock Exchanges in relation to the Equity Shares of the Company, except for such intimations as may be necessary under applicable laws.

9.11 The proposed restructuring will not cause any prejudice to the Shareholders of the Company, as there is no reduction in the number or face value of equity shares and no payment is being made to Shareholders, and accordingly, the shareholding pattern of the Company shall remain unchanged before and after the implementation of the Scheme.

9.12 The Scheme shall not have any adverse impact on the employees and workers of the Company. All employees of the Company shall continue in service without any break or interruption, and the terms and conditions of their service post-reduction shall not be less favourable than those applicable to them immediately before the Effective Date.

9.13 The Scheme will not have any adverse impact on any of the Company's creditors, banks, financial institutions or lenders, if any. The Scheme will enable the Company to eliminate the accumulated losses from its books of account, thereby rationalising its balance sheet, presenting a true and fair view of its financial position, and enhancing its financial flexibility. Accordingly, the Scheme is in the best interests of the Company's creditors, banks, financial institutions and lenders.

9.14 The Scheme would not affect any legal or other proceeding by or against the Company.

9.15 The Company shall not be required to use the word "AND REDUCED" as part of its corporate name and such use is dispensed with.

PART VI - GENERAL CLAUSES

10. ACCOUNTING TREATMENT

Notwithstanding anything else contained in the scheme, the Company shall account for reduction of share capital in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act, under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time and other accounting principles generally accepted in India, in its books of account such that:

10.1 The entire accumulated losses of the Company represented by the debit balance of Profit & Loss Account of INR 3,85,61,76,525/- (Indian Rupees Three Hundred Eighty-Five Crore Sixty-One Lakh, Seventy-Six Thousand, Five Hundred Twenty-Five) as at March 31, 2026 presented under "Retained Earnings" within "Other Equity" as appearing in the books of the Company will be adjusted by reducing the sum of INR 3,85,61,76,525/- (Indian Rupees Three Hundred Eighty-Five Crore Sixty-One Lakh Seventy-Six Thousand, Five Hundred Twenty-Five) from the "Securities Premium" account forming part of "Other Equity". Considering accounting treatment is not specifically addressed by the Accounting Standards as specified in Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, however the same is in compliance with other generally accepted accounting principles and industry practices.

10.2 The Company will pass appropriate adjustment entries in a prudent and commercially acceptable manner in accordance with Ind AS and generally accepted accounting principles in India.

10.3 For accounting purposes, the reduction of share capital of the Company will be given effect on the date when all substantial conditions relating to such reduction of share capital are completed.

10.4 Any matter not dealt hereinabove shall be dealt with in accordance with the requirements of applicable Ind AS.

11. FRACTIONAL SHARES

11.1 Since the Scheme does not involve any re-organization, consolidation, or reduction in the number or face value of Equity Shares of the Company, no fractional entitlements shall arise, and accordingly, no provision for treatment of fractional shares is required.

12. APPLICATION TO THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL (NCLT)

12.1 The Company shall make necessary application/ petition under Section 66 of the Act, read with Section 52 and other applicable provisions of the Act and the NCLT Rules, thereunder to the NCLT for seeking its approval towards this Scheme.

12.2 The Company shall comply with the directions of the NCLT in relation to the issue of notices under Section 66(2) of the Act to the Central Government, the RoC, SEBI and the creditors of the Company, and in relation to publication of notice of the application, and shall place before the NCLT such representations, if any, as may be received within the period prescribed thereunder, together with the Company's response thereto.

12.3 Presently the Registered Office of the Company is located in the Delhi under the jurisdiction of the RoC Delhi-I and it falls under the jurisdiction of NCLT, New Delhi Bench for filing the application.

13. CANCELLATION OF SHARES

13.1 Upon the Scheme becoming effective, since there is no reduction, cancellation, or reorganization of the equity share capital of the Company, no changes shall be required to be made in the records of the depositories or in the dematerialized holdings of the shareholders, except for such intimations as may be required under applicable laws.

13.2 In respect of shareholders holding equity shares in physical form if any, the existing share certificates shall continue to remain valid, and there shall be no requirement for issuance of new share certificates or cancellation of existing share certificates pursuant to this Scheme.

13.3 The Company shall not be required to undertake any action for substitution or issuance of share certificates, as the share capital and shareholding of the Company remain unchanged.

14. DESIGNATED STOCK EXCHANGE

14.1 Pursuant to Regulation 37(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is not required to make any application for obtaining any observation letter / no-objection letter from the NSE/ BSE for the implementation of the Scheme of Reduction of Share Capital. Hence, the requirement to designate a stock exchange does not arise.

15. COMPLIANCE WITH LISTING AGREEMENT

15.1 Notwithstanding the reduction of share capital of the Company in pursuance of this Scheme, the listing of the existing Equity Shares of the Company on the NSE and BSE shall continue, and there shall be no change in the number or face value of such listed equity shares, and the Company shall comply with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

15.2 The Company shall make necessary filings, disclosures, and obtain such observations, or approvals, as may be required under applicable laws, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from the Stock Exchanges.

15.3 In terms of Regulation 37(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the applicable amendments, schemes which solely provide for writing off accumulated losses against the reserves of the listed entity are not required to be filed with the stock exchanges for the purpose of obtaining a no-objection letter, and accordingly, the Company shall comply with the applicable disclosure requirements and thereafter proceed to file the Scheme with the Hon'ble NCLT after obtaining the approval of the Shareholders.

15.4 Since the Scheme does not involve any issue or allotment of equity shares, there shall be no requirement to obtain approvals from any regulatory authority in relation to issuance or allotment of shares.

15.5 As there is no issuance or allotment of new equity shares pursuant to this Scheme, no application shall be required to be made for listing or admission to trading of any new equity shares on the Stock Exchanges.

16. CONDUCT OF BUSINESS BY THE COMPANY

16.1 The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations / commitments in the ordinary course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company during the course or after the approval of Scheme.

17. CHANGE OF MANAGEMENT

17.1 There will be no change of management or shareholding of the promoters on account of reduction of capital.

18. LEGAL PROCEEDINGS

18.1 Without prejudice to the foregoing, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature by or against the Company is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of this Scheme or of anything contained in this Scheme, but the proceedings of the Company will be continued, prosecuted and enforced by or against the Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Company before this Scheme.

19. CONTRACTS, DEEDS, AGREEMENTS AND OTHER INSTRUMENTS

19.1 Subject to other provisions contained in the Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature to which the Company is a party subsisting or having effect immediately on the Effective Date, shall remain in full force and effect against or in favour of the Company, as the case may be, and shall be enforced by or against the Company as fully and as before this Scheme.

20. IMPACT OF THE SCHEME ON EMPLOYEES

20.1 The Scheme shall not have any adverse impact on the employees of the Company. All staff, workmen and other employees in the service of the Company immediately before the capital reduction shall stay as staff, workmen and employees of the Company after the capital reduction. Their service shall be continuous and shall not be interrupted by reason of this capital reduction. The terms and conditions of service applicable to the said staff, workmen or employees after such capital reduction shall not in any way be less favourable to them than those applicable to them immediately before the capital reduction.

21. IMPACT OF THE SCHEME ON CREDITORS / LENDERS / FINANCIAL INSTITUTIONS

21.1 The proposed Scheme would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or pay the debts in ordinary course of business. The above proposal does not alter, vary, or affect the rights of the creditors / lenders / financial institutions in any manner.

21.2 The Scheme will not have any adverse impact on any of the Company's creditors, banks, financial institutions or lenders, if any. The Scheme will enable the Company to eliminate the accumulated losses from its books of account, thereby rationalising its balance sheet, presenting a true and fair view of its financial position, and enhancing its financial flexibility. Accordingly, the Scheme is in the best interests of the Company's creditors, banks, financial institutions and lenders.

22. MODIFICATION, REVOCATION, WITHDRAWAL AND APPEAL TO THE SCHEME

22.1 The Company, by its Board or such other committee / person or persons, as the Board may authorize, may assent to withdrawal of the Scheme in its entirety or to make and/ or consent to any modifications / amendments of any kind to the Scheme or to any conditions or limitations that the NCLT or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate, whether as a result of subsequent events or otherwise, by the Board.

22.2 The Board shall be at liberty to withdraw or cancel this Scheme in its entirety or any part thereof at any time, including after the grant of sanction by the Hon'ble NCLT but prior to the filing of the certified copy of the order with the RoC, if the Board is of the view that the coming into effect of the Scheme would have adverse implications on the Company or its stakeholders.

22.3 In the event that the Hon'ble NCLT imposes any condition, alteration, or modification to this Scheme which the Board finds not acceptable, the Company shall have the absolute right to withdraw from the Scheme unconditionally or, in the alternative, to prefer an appeal before the NCLAT or any other competent authority as provided under the Act.

22.4 If the Scheme is withdrawn or cancelled as provided above, it shall become null and void, and no rights or liabilities whatsoever shall accrue to or be incurred inter se by the Company, its Shareholders, or any other person.

23. CONDITIONALITY OF THE SCHEME

The Scheme is and shall be conditional upon and subject to:

23.1 The Scheme being approved by the Shareholders of the Company by way of a Special Resolution in a general meeting of the Company;

23.2 The Company having complied with the directions of the NCLT in relation to the issue of notices under Section 66(2) of the Act to the Central Government, the RoC, SEBI and the creditors of the Company, and in relation to publication of notice of the application, and shall place before the NCLT such representations, if any, as may be received within the period prescribed thereunder, together with the Company's response thereto.

23.3 The Scheme being sanctioned by the NCLT under Section 66 of the Act read with Section 52 and the rules framed thereunder; and

23.4 Certified true copy of the Order of the Hon'ble NCLT along with a copy of minute approved by the tribunal under Section 66(5) of the Act, being filed with the RoC, by the Company.

24. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

24.1 In the event of any of the said sanctions and approvals are being denied or not being available, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

25. DATE OF TAKING EFFECT AND OPERATIVE DATE

25.1 The Scheme set out herein in its present form or with any modification(s) and amendments(s) made as per the direction of the NCLT or any Appropriate Authority, as the case may be, shall be effective from the Effective Date and binding upon all the stakeholders.

26. SEVERABILITY

26.1 If any part or section of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board, affect the adoption or validity or implementation of the other parts and / or provisions of this Scheme. It is hereby clarified that the Board, in their absolute discretion, adopt any part of this Scheme or declare the entire Scheme to be null and void and in that

event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Company or its Shareholders or creditors or Employees or any other person.

27. COSTS, CHARGES AND EXPENSES

27.1 All past, present and future costs, charges, duties and levies arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Company and all above costs shall be treated as costs relating to the Scheme.

For Smartworks Coworking Spaces Limited

Punam Dargar
(Company Secretary & Compliance officer)
Membership No: A56987